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December 4, 1992

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FILE

Ms. Donna Searcy, Secretary  
Federal Communications Commission  
1919 M Street, N.W. - Room 222  
Washington, D.C. 20554

Re: Amendment of Part 69 Allocation of General  
Support Facility Costs  
CC Docket No. 92-222

Dear Ms. Searcy:

Enclosed please find the original and nine copies of the Comments of the General Services Administration for filing in the above-referenced docket.

Sincerely,

*Michael J. Ettner*

Michael J. Ettner  
Senior Assistant General Counsel  
Personal Property Division

Enclosures

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In the Matter of

Amendment of the Part 69 Allocation  
of General Support Facility Costs

CC Docket No. 92-222

COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

DENNIS MULLINS  
General Counsel

VINCENT L. CRIVELLA  
Associate General Counsel  
Personal Property Division

MICHAEL J. ETTNER  
Senior Assistant General Counsel  
Personal Property Division

GENERAL SERVICES ADMINISTRATION  
18th & F Streets, N.W., Room 4002  
Washington, D.C. 20405

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COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

The General Services Administration ("GSA"), on behalf of the Federal Executive Agencies, hereby submits its Comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM"), FCC 92-440, released October 19, 1992 in CC Docket No. 92-222. This NPRM solicited comments on the Part 69 allocation of general support facility ("GSF") costs.

I. INTRODUCTION

On June 6, 1992 the Commission proposed rules requiring local exchange carriers to provide expanded interconnection for interstate special access services.<sup>1</sup> GSA supported the

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<sup>1</sup>Expanded Interconnection with Local Telephone Company Facilities, Notice of Proposed Rulemaking and Notice of Inquiry, 6 FCC Rcd 3259 (1991).

Commission's efforts throughout this proceeding,<sup>2</sup> and believes the resulting order requiring expanded interconnection will encourage full and open competition in the provision of interstate access services.<sup>3</sup>

GSA opposed the inclusion of a "contribution" element in LEC special access prices, stating that it "would result in uneconomic bypass of LEC facilities, and ultimately weaken the nation's overall telecommunications infrastructure."<sup>4</sup> The Commission agreed with GSA, stating that "excessive LEC connection or contribution charges would hinder the development of competition, depriving customers of the associated efficiency gains."<sup>5</sup>

Instead of allowing a contribution charge, the Commission has proposed "to eliminate the only regulatory mechanism identified in the current record as potentially warranting a contribution charge."<sup>6</sup> The Commission points out that Section 69.307 of its rules excludes the subscriber line subcategory of cable and wire facilities from the allocation of GSF investment. As a result, GSF

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<sup>2</sup>See Comments of GSA, August 6, 1991; Reply Comments of GSA, September 20, 1991; Reply Comments of GSA, December 10, 1991.

<sup>3</sup>Expanded Interconnection with Local Telephone Company Facilities, Report and Order, CC Docket No. 91-141, FCC 92-440, released October 19, 1992 ("Interconnection Order").

<sup>4</sup>Comments of GSA, August 6, 1991, p. 16.

<sup>5</sup>Interconnection Order, para. 114.

<sup>6</sup>NPRM, para. 267.

costs are under-allocated to the common line category and over-allocated to other access categories, including the special access category. The Commission proposes, therefore, to revise its rules to include the subscriber line subcategory of cable and wire facilities in the allocation of GSF investment. This will increase the allocation of GSF costs to the common line category and decrease the allocation to other access categories, including the special access category.

In these comments, GSA will support the Commission's proposal, and describe the complex calculations necessary to develop a contribution charge should the Commission's proposal not be adopted.

## II. GSF Costs Should Be Allocated To All Service Categories.

As the Commission acknowledges, the current subsidy of the common line category "was designed to ensure that the adoption of certain changes to the separations and accounting rules would be revenue-neutral with respect to the interstate common line category."<sup>7</sup> While this arrangement may have been expedient when it was adopted in 1987, it is not appropriate now.

By their very nature, investments in general support facilities are attributable to all services, including the common line category. No service should be exempt, and no service should bear a disproportionate share of GSF costs.

This is especially true as competition becomes an increasing

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<sup>7</sup>NPRM, para. 268.

reality in the provision of certain services, such as special access. GSA agrees with the Commission that retention of this common line subsidy would have an adverse effect on the development of competition in interstate access markets.<sup>8</sup> The Commission should, therefore, eliminate the exemption of the subscriber line subcategory from GSF cost allocations.

III. A Contribution Charge Would Have To  
Recover All Costs Associated With  
GSF Over-Allocation.

The NPRM also invites comments on methodologies for calculating a contribution charge to recover over-allocated GSF costs for use in the event that the Commission does not eliminate the common line subsidy.<sup>9</sup>

GSA submits that such a calculation would be complex and burdensome. First of all, the allocation of GSF investments would have to be performed with and without an allocation to the subscriber line subcategory of cable and wire facilities. Secondly, the Other Investment account would have to be reallocated to determine its change due to the change in GSF investment allocation. Next, the following expense accounts would have to be reallocated, as they each would be collaterally affected:

General Support Expense

Network Support Expense

Marketing Expense

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<sup>8</sup>Id.

<sup>9</sup>NPRM, para. 269.

Customer Services Expense

Other Operating Tax Expense

Other Expense

The change in each of these cost elements would then be added to develop the cost base for the contribution charge.

Although calculations such as these could certainly be performed, and a contribution charge could be levied, the end result would still be an overallocation of costs to the special access category with consequent long-term erroneous pricing signals. GSA strongly believes that the Commission's proposed change to the Part 69 allocation of GSF costs is a far better path to take.

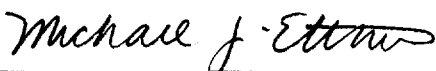
#### IV. CONCLUSION

As the agency vested with the responsibility for acquiring telecommunications services for use of the Federal Executive Agencies, GSA supports the Commission's efforts to bring full and open competition to the interstate transport market. In furtherance of this goal, GSA agrees with the Commission's proposal to amend Part 69 to allocate general support facility costs equitably among all service categories.

Respectfully submitted,

DENNIS MULLINS  
General Counsel

VINCENT L. CRIVELLA  
Associate General Counsel  
Personal Property Division

  
\_\_\_\_\_  
MICHAEL J. ETTNER  
Senior Assistant General Counsel  
Personal Property Division

GENERAL SERVICES ADMINISTRATION  
18th & F Streets, N.W., Room 4002  
Washington, D.C. 20405  
(202) 501-1156

December 4, 1992



CERTIFICATE OF SERVICE

I, MICHAEL J. ETTNER, do hereby certify that copies of the foregoing "Comments of the General Services Administration" were served this 4th day of December, 1992, by postage paid or hand delivery (indicated below by asterisks) to the following parties:

Cheryl A. Tritt\*  
Chief  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

Kathleen B. Levitz\*  
Acting Deputy Bureau Chief (Policy)  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

James D. Schlichting\*  
Chief, Policy and Program Planning Division  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

Policy and Program Planning Division\*  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554  
(2 Copies)

Downtown Copy Center\*  
1990 M Street, N.W.  
Suite 640  
Washington, D.C. 20036

Paul Schwedler, Esq.  
Asst. Regulatory Counsel, Telecommunications  
Defense Information Agency, Code AR  
701 South Courthouse Road  
Arlington, VA 22204-2199

SERVICE LIST  
(CONT.)

Richard B. Lee  
Senior Consultant  
Snively, King & Associates, Inc.  
1220 L Street, N.W. - Suite 410  
Washington, D.C. 20005

Telecommunications Reports  
11th Floor, West Tower  
1333 H Street, N.W.  
Washington, D.C. 20005

Michael J. Ettema